Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
2000 Biennial Regulatory Review --	)	CC Docket No. 00-199
Comprehensive Review of the	)	
Accounting Requirements and	)	
ARMIS Reporting Requirements for	)	
Incumbent Local Exchange Carriers:	)	
Phase 2 and Phase 3	)	

COMMENTS OF SPRINT CORPORATION

Sprint Corporation ("Sprint"), on behalf of its local and long distance divisions, submits its Comments in Phase 3 of the Notice of Proposed Rulemaking ("NPRM") released on October 18, 2000, in the above referenced docket.

Phase 3 is entitled "Long Term Transition to Deregulation" and entails a broad examination of Part 32 and ARMIS requirements when local exchange markets become sufficiently competitive. Sprint's comments will focus on a transition from Part 32 accounting to a system that follows Generally Accepted Accounting Principles ("GAAP") as effective competition develops, and a distinction between recording financial information and reporting it. Sprint opposes subjecting CLECs to the Commission's accounting and reporting requirements. Finally, the Commission should not use two percent of the nation's access lines as a dividing line between smaller and larger LECs.

The Commission seeks comment on whether accounting and reporting requirements should be eliminated when all carriers become non-dominant or for each carrier as that

carrier becomes non-dominant.[1] The ultimate goal is the elimination of Part 32 accounting, replaced by the requirement that carriers comply with GAAP, as is the case in competitive markets. However, this should not occur in a given market until an ILEC becomes non-dominant and there is no need for that carrier to participate in uniform accounting. As stated in paragraph 88 of the NPRM, accounting safeguards were implemented to prevent dominant carriers from taking unfair advantage of their control over exchange services and exchange access. So long as a dominant carrier situation exists in a given market, the Commission should maintain some form of regulation to prevent abuse. The Commission should also maintain uniform accounting where necessary to meet regulatory requirements. For example, uniform accounting should be maintained where universal service funding is based on embedded costs.

The Commission has established a distinction between accounting requirements and reporting requirements. For instance, in paragraph 80 of the NPRM, the Commission proposed to relieve a group of smaller ILECs, known as the mid-sized carriers, from CAM filings and most ARMIS reporting. This relief would not affect the obligation of these carriers to allocate costs and maintain accounts in compliance with Commission rules. The mid-sized carriers would still be subject to audits by the Common Carrier Bureau when necessary. Relief from reporting requirements is a fair and effective step for the mid-sized carriers and in the future may be a useful interim step for the larger carriers as effective competition develops.

The absence of meaningful residential competition, or significant business competition in most markets would appear to foreclose any opportunity to generally apply deregulation of accounting requirements in the near term. As an interim step, the

[1] *NPRM* at para. 89.

Commission should continue to evaluate what accounting and reporting requirements are truly necessary to accomplish its regulatory duties. This includes an analysis of what information is needed to (i) regulate large and medium-sized LECs that are subject to price cap regulation; (ii) regulate LECs that are subject to rate of return regulation; and (iii) administer universal service funding and other unique regulatory programs.

The Commission also sought comment on whether non-ILEC carriers should be subjected to the same regulation as ILECs. The objective should be to achieve a fully competitive market where regulation is generally symmetric and minimal for all carriers. However, so long as an ILEC enjoys dominant carrier status, it must be subject to more regulation than the non-dominant carriers. In fact, in a situation where the ILEC actually has an impact over many of its competitors' ability to compete, by virtue of the fact that the competitor depends on the ILEC for facilities and service, the Commission should err on the side of caution in releasing regulatory requirements. At the same time, placing unnecessary regulation on non-dominant carriers does not serve the public interest. There is no reason to force CLECs to adhere to Part 32 accounting.

In paragraph 95 of the NPRM, the Commission asks whether deregulation should proceed in a different fashion for companies with fewer than two percent of the nation's access lines. As stated above, the Commission has proposed to relieve the mid-sized carriers from CAM filings and most ARMIS reporting. Relief from reporting requirements simply acknowledges that the burden of filing for smaller carriers, who are not able to spread these costs over a multitude of customers, outweighs the benefits for the end user customers.

The Commission should continue to apply a benefit versus burden analysis in determining whether and how to afford relief to smaller carriers. However, Sprint opposes drawing a line at two percent of the nation's access lines in anticipation of future

deregulation. First, the Commission has already defined a category of mid-sized carriers by aggregated LEC revenues,[2] and afforded regulatory relief from accounting and reporting requirements based on this category. In addition, a second category, represented by an indexed revenue threshold, determines which individual carriers must submit ARMIS reports and CAM filings.[3] Adopting an arbitrary two percent distinction would add an unnecessary third category of carriers without any reason. The sole effect of adding this third category would be to separate one mid-sized carrier, Sprint, from the treatment applied to the other mid-sized carriers. As set forth in Sprint's Comments to the Phase 2 portion of this docket, the line is properly drawn between the regional Bell operating companies and the mid-sized carriers.

Other than section 251(f)(2) of the Communications Act of 1934, as amended, there are no other laws applying the two percent standard. It is instructive to note that section 251(f)(2) did not afford any relief to carriers meeting the two percent standard, but only acted to limit which carriers could ask a State commission for relief from complying with the local competition provisions of sections 251(b) and (c).

[2] See 47 C.F.R. 32.9000
[3] See 47 C.F.R. 43.21

Respectfully submitted,

SPRINT CORPORATION

By _____/s/_____

Jay C. Keithley
401 9th Street, NW, #400
Washington, DC 20004
(202) 585-1920

Rick Zucker
6360 Sprint Parkway, KSOPHE0302
Overland Park, KS 66251
(913) 762-1920

CERTIFICATE OF SERVICE

I, Joyce Walker, hereby certify that I have on this 13th day of January 2001, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Comments of Sprint Corporation" In the Matter of 2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2 and Phase 3, CC Docket No. 00-199, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

/s/
Joyce Walker

James Ramsey
National Association of Regulatory Utility Commissioners
1101 Vermont Avenue, Suite 200
Washington, DC 20005

Christopher A McLean
Rural Utilities Services
1400 Independence Avenue SW
Mail Stop: 1510
Washington, D.C. 20250

Vickie L. Moir
North Carolina Utilities Commission-Public Staff
4326 Mail Service Center
430 North Salisbury Street
Raleigh, NC 27699-4326

Susan Stevens Miller
General Counsel
Maryland Public Service Commission
6 Saint Paul Street
Baltimore, MD 21202

Marilyn Showalter
Richard Hemstad
William R. Gillis
WUTC
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

Margot Smiley Humphries
Holland & Knight LLP
Attorney for TDS Telecommunications Corporation
2100 Pennsylvania Avenue, N.W., Suite 400
Washington, DC 20037

Cynthia Miller
Florida Public Service Commission
2540 Shumard Oak Blvd
Gerald Gunter Bldg
Tallahassee, FL 32399-0850

Michael J. Ettner
Senior Assistant General Counsel for General Services Administration
1800 F Street N.W., Room 4002
Washington, DC 20405

Stephen L. Earnest
Richard M. Sbaratta
Stephen L. Earnest
BellSouth Corporation
675 West Peachtree Street
Atlanta, GA 30375

Laurence G. Malone
General Counsel
Public Service Commission of the State of New York
Three Empire State Plaza
Albany, NY 12223-1350

Steve Ellenbecker
Kristin Lee
Wyoming Public Service Commission
2515 Warren Avenue, Suite 300
Cheyenne, WY 82002

Ron Eachus
Roger Hamilton
Joan H. Smith
Oregon Public Utility Commission
550 Capitol Street, N.E Suite 215
Salem, OR 97310-2551

Joseph DiBella
Verizon Communications
1320 North Court House Road
Eighth Floor
Arlington, VA 22201

Christopher J. Wilson
Delia Reid Saba
Cincinnati Bell Telephone Company
201 East Fourth Street
Cincinnati, Ohio 45202

James T. Hannon
Qwest Corporation
1020 19th Street NW., Suite 700
Washington, DC 20036

Robert S. Tongren
Michael J. Travieso
NASUCA
8300 Colesville Road, Suite 101
Silver Spring, MD 20910

Scott Fabel
Montana PSC
1701 Prospect Avenue
P.O. Box 202601
Helena, MT 59601

James U. Troup
Brain D. Robinson
Arter & Hadden LLP
Attorneys for Iowa Telecommunications Services
1801 K Street N.W., Suite 400K
Washington, DC 20006-1301

Lawrence E. Sarjeant
Linda L. Kent
John W. Hunter
Julie E. Rones
USTA
1401 H Street NW., Suite 600
Washington, DC 20005

Paul J. Feldman
Fletcher, Heald and Hildreth, PLC
Attorneys for Roseville Telephone Company
1300 North 17th Street., 11th Floor
Arlington, VA 22209

David W. Zesiger
Richard Cameron
Independent Telephone &
Telecommunications Alliance
1300 Connecticut Avenue, N.W., Suite 600
Washington, DC 20036

Judy Sello
Mark C. Rosenblum
AT&T Corporation
295 North Maple Avenue, Room 1135L2
Basking Ridge, NJ 07920

Alan Buzacott
WorldCom Corporation
1801 Pennsylvania Ave, NW
Washington, DC 20006

Lisa Nordstrom
Idaho Public Utilities Commission
P.O. Box 38720
472 W. Washington Street
Boise ID 83720-0074

Joel Ader
Telecordia Technologies
710 L'Enfant Plaza S.W.,
Promenade Level, East Building
Washington, D.C. 20024

Ave M Bie, Chairperson
Public Service Commission of Wisconsin
610 North Whitney Way
PO Box 7854
Madison, WI 53707-7854